



Getting Started:

Business Development for Small and Mid-sized Counties, PART 1



International Council of Shopping Centers



Partnership for Economic Opportunity

A 2003-2004 NACo Presidential Initiative Publication

The Honorable Karen M. Miller
Commissioner, Boone County, MO
President, National Association of Counties

GETTING STARTED: BUSINESS DEVELOPMENT FOR SMALL AND MID-SIZED COUNTIES, PT. I

ABOUT THE AUTHORS

INTERNATIONAL COUNCIL OF SHOPPING CENTERS

The International Council of Shopping Center (ICSC) is the trade association for retail real estate. Founded in 1957, its now more than 40,000 members in the U.S., Canada, and more than 75 other countries represent owners, developers, retailers, lenders, and other professionals as well as academics and public officials. ICSC's Alliance Program is an effort dedicated to fostering relationships and strategic alliances between the public and private sector. These critical partnerships assure that growth and prosperity are sustained in our communities. In this effort, local and regional meetings and deal making sessions serve as the forum to introduce the intricacies of the shopping center industry to representatives of state and local governments and community-based organizations. In addition, these forums provide the public sector with the opportunity to share the complexities and issues that face local communities today.

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NATIONAL ASSOCIATION OF COUNTIES

The National Association of Counties (NACo) was created in 1935 when county officials wanted to have a strong voice in the nation's capital. More than six decades later, NACo continues to ensure that the nation's 3066 counties are heard and understood in the White House and the halls of Congress. NACo's membership totals more than 2,000 counties, representing over 80 percent of the nation's population. NACo, the only national organization that represents county governments in the United States, continues to follow the traditions established by those early county officials. With its headquarters on Capitol Hill, NACo is a full-service organization that provides an extensive line of services including legislative, research, technical, and public affairs assistance, as well as enterprise services to its members. The association acts as a liaison with other levels of government, works to improve public understanding of counties, serves as a national advocate for counties and provides them with resources to help them find innovative methods to meet the challenges they face. NACo is involved in a number of special projects that deal with such issues as the environment, sustainable communities, volunteerism and intergenerational studies.

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One of the most important challenges facing America's counties is how to promote sustainable economic development that preserves health and vitality for a community, and a high quality of life for citizens. While everyone recognizes the need, many county officials do not know exactly how to go about retaining the existing local businesses and recruiting the new ones that will consistently fuel their local economies. The process of business attraction and retention often seems murky or the result of happenstance. However, there are concrete steps that county officials can take that will help secure sustainable business development, and do so in a way that protects and preserves the characteristics and values that make their counties unique.

As part of my Presidential Initiative for Rural Economic Development, NACo is bringing county officials together with those in the development and retail industry to form relationships that will lead to increased economic opportunity. The first step towards that objective has been a process of mutual education where county officials and private sector leaders learn from each other on issues including business development criteria, site selection, promoting the values and assets of a county, the concerns and responsibilities officials face, community engagement, and positioning counties as attractive destinations for new and existing businesses.

To achieve our objectives, NACo has joined with the International Council of Shopping Centers (ICSC) to launch a national Partnership for Economic Opportunity to foster increased sustainable business development opportunities in small and mid-sized counties. In November 2003, ICSC Chief Executive Officer Mike Kercheval, ICSC Chairman Kathleen Nelson, NACo Executive Director Larry Naake and I signed a National Partnership Agreement bringing together our two associations to commonly pursue this objective.

As a first component of this partnership, we formed a Rural Markets Taskforce comprised of key business and county leaders, and charged with providing recommendations, guidance, and direction in shaping common activities. The Taskforce is Co-Chaired by NACo Second Vice-President, and former Rural Action Caucus Chair, Blue Earth County, Minnesota Commissioner Colleen Landkamer, and Gordon Sudbeck, ICSC Nebraska State Director, and Vice President of Noddle Development Corporation. The recommendations and guidance provided by the Task Force forms the basis for much of this action guide.

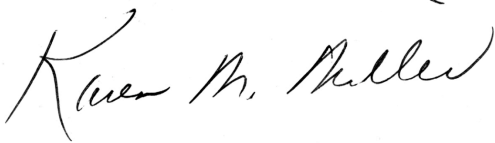
The purpose of the action guide is to provide county officials with some practical ideas and suggestions for attracting and retaining businesses. It is designed to speak specifically to the needs and challenges of smaller and mid-sized counties; however, several recommendations will certainly benefit larger counties as well.

The guide is part of a series of technical assistance materials provided to assist America's counties. In the coming days and weeks, we will be expanding our efforts in collaboration with ICSC and other initiative partners including the National Rural Electric Cooperative Association, Virginia Tech, the National Association of Home Builders and others.

As NACo President, I am committed to working with these and other partners and county leaders across the country to assure that rural America remains the vital, healthy backbone of our society that it has been since our earliest days as a nation. Rural America faces an exciting time of daunting challenges, and promising opportunities. By coming together as public and private sector leaders, we will do all that we can to assure that we meet our challenges and capitalize on our opportunities.

I hope you find this action guide useful for your county.

Yours truly,

A handwritten signature in black ink, reading "Karen M. Miller". The signature is written in a cursive style with a large initial "K" and a long, sweeping underline.

Karen M. Miller
President



The International Council of Shopping Centers (ICSC) prides itself on being the premiere global trade and professional association of the retail real estate industry. Approximately seven years ago, ICSC recognized that retailers and developers were facing a myriad of challenges as they sought to expand existing retail developments or create new ones. ICSC also recognized that local communities were struggling with the challenge of attracting new retail development while preserving their communities' unique charm and characteristics.

To this end, ICSC developed its Alliance Program, which is designed to bring together the public and private sector to address the challenges each group faces, but more importantly, to bring about a greater understanding of the positive economic impacts that retail real estate developments create for communities across the United States. ICSC's Alliance Program has not only been successful in creating some outstanding working relationships and dynamic shopping center developments; it has also led to new alliances between associations with similar goals and objectives. One such alliance is with the National Association of Counties (NACo).

In the fall of 2003, ICSC and NACo signed a historic agreement to assist county officials and retail real estate professionals explore ways to create economic opportunities nationwide – beginning with small and mid-sized communities. This partnership has many facets, but one of the most important first steps was the creation of a Joint Rural Markets Task Force. Based upon candid discussions between members of this task force, the idea for this booklet took shape. I believe that the following pages contain the vital information you need to know in order to bring retail developments to your secondary and rural markets.

ICSC is proud of the partnership it has created with NACo and looks forward to working on similar projects in the coming years!

Sincerely,

A handwritten signature in black ink, appearing to read "Michael P. Kercheval", written in a cursive, flowing style.

Michael P. Kercheval
President and CEO
International Council of Shopping Centers

EXECUTIVE SUMMARY

Over 2,000 of the 3,066 counties in the United States are rural—some 55 million people. These communities have contributed much to culture and values of the nation, as well as its economy. However, their economies are suffering greatly, even when compared to the nationwide economic malaise of the past several years. They are facing serious challenges in creating jobs, re-tailoring their economies, retaining their population, and keeping their most valuable resources—their children.

In recognition of the strong interest in and responsibility for assuring the health and vitality of rural America, the National Association of Counties and the International Council of Shopping Centers have come together in partnership to promote sustainable economic development in mid-sized and rural American counties. As the level of government closest to citizens, NACo realizes that there is much that educated county officials can do to better position their communities to recruit and retain businesses. ICSC, as the leading representative of the retail and development industry recognizes the benefits of collaborating with county leaders to assure the economic health of a vital segment of America.

Most county officials recognize the benefits to local economies that can be derived from strong retail. In these tight economic times, county leaders are struggling to provide quality services to citizens. Their economies need more employment and business opportunities, and they often view retail as a mechanism for spurring economic development. The real question is how to accomplish this. Unfortunately, while most counties want to secure new business opportunities, they have little idea of how to go about it. They are in need of a systematic approach derived from a solid understanding of their county, its liabilities and assets, the needs, desires, and perspectives of the business community, and how these variables interact.

In this report, produced by the National Association of Counties in conjunction with the International Council of Shopping Centers, county leaders are provided with tools and strategies that they can implement to attract and retain retail business development. The report is first and foremost an action guide which will help counties to develop a greater understanding of what their communities look like as potential locations for retail and business development. It provides definitions of some relevant terms that will help localities, typical concerns and challenges that influence the choices and decisions of developers and retailers, and step-by-step processes that can lead to new business attraction.

While the report is designed primarily for small and mid-sized county leaders, its contents should be useful for those that lead larger counties, economic development practitioners, and private sector leaders who seek to do business with localities.

The action guide is a product of the Partnership for Economic Opportunity developed by NACo and ICSC to support the Presidential Initiative for Rural Economic Development of 2003—2004 NACo President, Boone County, Missouri Commissioner Karen Miller. The initiative brings

county and private sector leaders together to bring increased opportunities for sustainable business development to America's smaller and mid-sized counties. NACo and ICSC began with a mutual evaluation their perspective partners and our objectives for communities. The organizations sought to find answers to a series of questions, including: Are there commonalities between the missions and objectives of NACo and ICSC as organizations? Do they share any like visions or values for communities? What are their respective responsibilities to communities, and do they overlap in any way? These were all precursors to the fundamental question: Can NACo and ICSC do more to effectively serve communities and their members by working together?

Through a series of high level discussions and exchanges, the answers to these questions became clear, and a process was implemented to leverage the strengths of the two organizations in order to overcoming a pressing challenge and capitalize on a major opportunity. The challenge is to secure sustainable economic development for our communities in ways that preserve their character and ensure a high quality of life for current and future generations. The opportunity is to combine our respective strengths as business and government leaders together to forge partnerships that not only spur economic opportunity, but also preserve community values.

This report is the first of a series of targeted materials developed through the Presidential Initiative in conjunction with ICSC and other partners designed to assist America's small and mid-sized counties in building more stable economies for the future. For more information about the Presidential Initiative of Karen Miller, contact NACo Community Services Director Stephanie Osborn at 202/942-4235 or sosborn@naco.org. For more information on the NACo—ICSC Partnership for Economic Opportunity, contact Joint Center for Sustainable Communities Director Martin L. Harris at 202/661-8805, or mharris@naco.org.

“Retail is a critical ingredient to a community’s economic and social health. Retail businesses support the local economy through job creation and tax base enhancement. Retail provides residents and businesses with more options and services. Communities benefit from the activity and vitality that retail brings to stagnant or underserved areas.”

-Jeffrey Finkle, President and CEO
International Economic Development Council

Background of the NACo—ICSC Partnership

For the National Association of Counties (NACo), the relationship with the International Council of Shopping Centers (ICSC) began in 2001 with a new emphasis to reach out to groups that really had a stake in influencing the development of our communities. County leaders have a significant responsibility in trying to create sustainable community economies that respect the values and characteristics that make their counties unique. As representatives of the retail industry that can provide so much in terms of economic development and job and business creation, ICSC was one of the earliest organizations that NACo began to build a dialogue with. ICSC and NACo started out with a mutual evaluation of their perspective partners, and our objectives for communities. Over time, NACo and ICSC started developing publications and promotional pieces on various aspects of community development, and began to co-author articles for publications such as *Shopping Centers Today*, *County News*, and *USMAYOR*.

In July, 2003, Boone County Commissioner Karen Miller was sworn in as NACo President, and with her ascendancy to that office came a whole new level of emphasis on building effective partnerships with the private sector to benefit localities, and she set her initial focus on the health and vitality of smaller, and more rural counties. Her leadership objectives coincided with a desire for an increased emphasis on what ICSC members refer to as secondary and tertiary markets—which tend to strongly correlate with the communities of President Miller’s initiative.

Because of their mutual interest and responsibilities in serving communities, NACo and ICSC entered into a formal partnership with defined goals and objectives for protecting and enhancing sustainable economic development in counties. In recognition of the particularly acute challenges facing smaller and mid-sized counties, NACo and ICSC set these communities as the initial focal point of the effort. The initial goals are to:

- Conduct joint out-reach efforts to create an awareness of the retail development opportunities in mid-size and rural markets.
- Increase local government involvement, specifically from county officials at ICSC meetings and deal makings to create business links between counties and retailers.
- Provide educational and networking opportunities between the public and private sector through national and local ICSC and NACo meetings and conferences; and,
- Develop joint or co-branded publication(s) promoting the market potential of mid-size and rural markets highlighting examples and best practices.

The initiative began with a recognition that NACo and ICSC members needed to spend more time elected leader-to-retailer-to-developer learning just what makes each other ‘tick’, and using that education as the basis of future efforts. The association formed a Rural Markets Task Force comprised of County leaders, retailers, and developers to guide processes and clarify just what the challenges and opportunities are in bringing sustainable economic development to small and mid-sized America.

Through those discussions, which began last fall, a great deal of learning took place, much of which has made its way into this report. Because the partners brought county leaders from secondary and rural markets directly together with business leaders who work in great measure with those communities, a very open, very beneficial dialogue emerged.

Secondary/Rural Markets Defined...and the Case for Retail and Commercial Development

The bulk of the recommendations provided in this action guide were developed with the needs of **secondary** and/or **rural** (*or tertiary*) markets in mind. These in general correlate with the 2,000+ non-urbanized counties in America. The definition of secondary and rural markets can be as varied as the makeup of different regions of the country. For the sake of this discussion, the secondary and rural market is best defined as a community of 2,500 – 30,000 people that trade independently. In many areas of the country, this is the county seat, but that may not always be the case. True secondary and rural markets do not include suburban or bedroom communities of larger markets. For county leaders, what is important to note is that because of this definition, a county may not be what is traditionally referred to as ‘rural’, and may certainly not think of itself that way. The county may in fact have several independently trading communities that would comprise a ‘market’. This is why the Presidential Initiative is targeted towards small *and* mid-sized counties.

Because retail and commercial development is so vitally important to a local community, the task force felt their first order of business should be to provide an overview on the key components of retail and commercial development. Retail development can bring many benefits to a local community, enhancing quality of life, complimenting existing services, and creating jobs while expanding the economic base of a local community. The implication for the tax base for many county economies is significant. In addition, retail development can very often serve as the catalyst for other large-scale economic development attraction. It is often the demonstration model whose success attracts more major development opportunities. However, it has the additional benefit of being scalable to the community and its characteristics.

There are a number of direct benefits to local communities. One of the primary benefits includes keeping local dollars in the community. **Leakage**, or the loss of sales and revenue from out of one county into another one, is a huge issue in this time of local government budget constraints. It is important to know where your citizens are spending their dollars and determine what retail might be missing. As a general rule, despite the size of a particular community, if that community does not provide a particular service or amenity, citizens will go elsewhere—often fairly long distances—to acquire it. In addition to keeping sales in a community, retail development can also pull dollars into a community by bringing in shoppers from other areas.

Of particular interest to counties, an increase in local shopping options can also reduce Internet sales which currently do not provide any income to local governments.

Retail developments also spread the tax burden from the local citizens (property taxes) to the corporate community and can provide much needed income through sales tax, licenses, etc. In addition, often these developments serve as the catalyst to expand infrastructure and road improvements. New developments often spark rehabilitation of existing businesses, as well providing the necessary draw to bring other new complimentary retail into town.

Job creation is a huge component of retail development, and it is much more than the lower wage clerk jobs often associated with retail development. Retail development also creates jobs during the building and construction phase and can provide additional work for those involved in the businesses that supply and maintain it, such as electrical, heating and air conditioning services, and advertising to name but a few. Retail developments also bring management level positions into a local community, as well as flexible working hours for spouses and students. In addition, the increase in a local tax base can often bring new jobs to the local government. Overall, the impact on a local job market is much larger than just the staff employed by the new retail establishment in town.

A new restaurant, grocery store or department store can also provide the conveniences that other major employers or industries are looking for in a local community when making site selection decisions. Without it, oftentimes larger developers may overlook a community with other significant assets. A county member of the Rural Markets Taskforce provided an example from his community where a large manufacturer was looking to site a plant in a rural community, but would only look at towns with a fast food restaurant and a discount retailer. The member's community did not have it, so the development went elsewhere. Successful retail development can often serve as the hook or catalyst to attracting larger employers and industry.

That being said, it is important to never under estimate the value of simply providing conveniently located essential goods and services to the residents of a community. Retail developments can provide both a positive shopping environment as well as social gathering places that can enhance the quality of life for local citizens. In addition, there can be a significant impact upon education, arts and cultural activities when good corporate citizens (retailers and developers) come to town, and they can compliment existing services, such as the barbershop and the bank. People coming into town to do their essential shopping may also boost other businesses locally.

Retail can support a tourism effort in local communities, and in some cases retail development can become the tourism industry. Every community cannot have an outlet mall or a destination retailer, but there are rural communities with the right sites and traffic patterns that have been successful in attracting retail developments that become not only a tourism destination, but also the major employer and the major taxpayer for a local community.

Steps Towards Developing a Successful Program

Some first steps that local governments should consider in developing a successful retail recruitment program include completing a thorough inventory of existing retail and commercial businesses. Include sites that are available for development in the inventory. A key reason for doing the inventory should be to analyze and target what is missing from the mix. What key retail and service needs are not being met by local business? These are the services that would be the most likely targets to acquire—and upon close examination, it is likely you will find that those services comprise a large component of those leakage dollars that are leaving your county.

From their experiences, developers on the Task Force universally recommended investing in a good set of aerial photos of your targeted community. Aerial photos can give prospective developers and retailers a much bigger picture of what is going on in the area, and because their eyes are trained to look at things in a different manner, they may see things that you would not. Aerial photographs provide much more detail than traditional site maps, showing transportation corridors, infrastructure, and the proximity of the site to other major community landmarks.

Those aerial photographs go hand in hand with the next important step, which is to research and prepare a detailed and current demographic analysis of the market area. Often times the primary trade area in the secondary and rural markets is a much greater landmass than the primary trade area that is evaluated by developers and retailers in more urban markets. Determine who the people are that live and shop in your community and how far they currently drive for basic needs and services. The primary trade area can easily be from 5 miles to 25 miles and even more in more remote counties where the trade area could be as large as 75 – 100 miles or more.

Another important issue to consider in secondary and rural markets is that the trade area is usually not defined by circular patterns. In other words, you can't just put a compass point down on your proposed market, and start drawing neat circles. The trade area is defined by the proximity to other trade areas and could take on a variety of sizes and shapes based upon the location of nearby towns and services. It is important to take a realistic look at the trade area. It may be prudent to hire a consultant to evaluate a trade area and compile demographic data.

When evaluating demographic data, it is important to include along with population figures, features such as typical family size and configuration, household income ranges, assets (land holdings, etc.) housing and highway traffic patterns. Another thing that you may want to take a look at is something known 'psychographics', which is an industry word for the interests and emotional responses of those living in the trade area. In other words, what are your citizens interested in? Home improvement? Arts and culture? Farming? For those readers who are elected county officials, all this complicated word is asking you to do is what you have already proven to have done with a fair amount of success—learn about your citizens and what their interests are, and then focus on attaining the services and resources to meet them.

Part of the demographic data should also include growth trends both in residential and commercial development. It is important for this information to be updated on a regular basis. Market research often begins with U. S. Census data; however, census data can become obsolete quickly in growing (or shrinking) communities. Other good sources are state universities, farm bureaus, state governments, highway departments, and extension services. Other ways to get a

handle on some of this information is to tap your own existing local government resources. Go to the Planning Department to look at the number and composition of new applications. Check the Building Department to calculate new permit requests, electrical hookups, etc. This information all can be important information for developers and retailers in deciding where to locate.

Also, take a full inventory of your market's 'hidden assets'. ICSC members of the Taskforce detailed several criteria and characteristics that communities may possess that they often do not even know are appealing to potential developers and retailers. These include some of the more well known assets like strong infrastructure and universities/colleges, but also include some lesser known assets, such as a consolidated high school, or even a regional high school sports powerhouse.

Once this material is gathered, it is important to prepare and organize it in a clear and concise manner. Retailers and developers want to know the competition, the customer, the needs or gaps and what locations and sites are available for development. These are the questions you should focus on finding the best, most comprehensive answers for, and what you should work to position your county to provide.

Retail/Commercial Location Factors

Most retail and commercial development is driven by demand. First determine what consumer needs are not being met in your community then determine whether the demographics (population) will support the retail. Is there an unmet demand?

Especially in secondary and rural markets, retail development is often *tenant driven*. That is to say that the anchor store or key retailer may develop an interest in expanding to certain geographic areas. Once a developer has a commitment from an anchor, that can drive the location of a development. This raises another very important lesson for counties that once again originated directly with the Taskforce. A county member described their effort to attract a retailer to their county, in this case a fairly prominent chain that does business in predominantly rural communities. Because the county leader knew which retailer they wanted to come to the county, they did what they thought was the natural first step, and called the retailer.

After hearing this, an audible groan emanated from the ICSC side of the table. Those Taskforce members universally recommended contacting a **developer** first as opposed to the retailer. The reasoning behind this is that developers often have direct knowledge of the retailers that are interested in a particular type of community or region, and they know what they are looking for. They said in this case and most others, working with and securing a developer first would be more likely to pay dividends. A developer approaching a retailer that knows and trusts them may significantly increase a county's chances for success. Therefore, it is important for county leaders to understand developers, retailers, the differences between them, and their role. Doing so and utilizing each effectively will make the county a stronger player, all the while remembering, ultimately it is about the retailer, and their willingness to open a store in your community.

Finally, the development and/or location must make economic sense before a developer or retailer will commit. An important issue for secondary and rural markets to remember is that the cost of doing business in smaller markets is often much less than in more urban markets; consequently, a profit can still be realized in smaller markets even with fewer customers and lower annual sales.

The catch is that while this is true, it often takes much more work to demonstrate to the business community the balance point where those lower expenses surpass the lower population numbers and result in demonstrable profit. This education also often needs to be mirrored with the banks and lending institutions as well. The catch here is that large banks with lots of capital often lack the specific knowledge of smaller local communities necessary for them to justify their extension of capital. While the smaller banks that do have much more knowledge of small communities and their true assets, many lack ample capital resources to expend.

Retail/Commercial Targeting

Once you have evaluated and analyzed your existing retail and commercial base, completed your demographic profiles and perhaps even identified potential sites for development, it is important to evaluate a successful, similarly sized community. Take a look at their retail recruitment activities and how they are implementing their plan. Are they providing financial incentives or finding other creative ways to bring retail development to their community?

Identify successful entrepreneurs and successful developments in these communities. It is possible that these business owners and developers are looking for opportunities to expand. Find successes and determine whether you can cultivate an interest in expanding into your community.

Now the next phase of your homework begins. Research your prospects. What type of retail are you looking for, how do these retailers define their market and their model customer? Will the retailer be a fit for your community? Will your community and customers be a fit for the retailer's defined model market? Often this information is readily available on retail websites. Try to determine what types of retail will actually have a viable chance of making it in your community as well as complimenting your existing retail. Not every community should be trying to get a Home Depot. When examining retail options, focus on acquiring those that complement your community, further its values, and enhance the characteristics that make it unique. If you think about it in its simplest terms, if a retailer decides to locate in your county's market, it is probably in large part because they like the characteristics of your community. Enhance those characteristics and look to bring in companies that share (or at least build upon) your community's values.

While always seeking retail that preserves the community's values, as decision makers, it is important to understand how various decisions can play out. It is important to be careful of the potential "Law of Unintended Consequences" The best example of this cited by the Taskforce happened in Vermont, where in an attempt to save jobs and existing retail by keeping 'big boxes' out, it showed you can do more harm than good. In Vermont, the state decided it was in the best interest of their state to keep a 'big box' retailer out of the state of Vermont in an effort to protect "mom and pop" retailers. However, what happened was that two of them simply opened on their

state borders, one in New Hampshire one in New York, and they are sucking dollars out of Vermont. The final result was that Vermont had to invite that same ‘big box’ back in—but with much less negotiating leverage.

In county business attraction efforts, never discount the value of both developer and broker knowledge, as well as the often long-standing working relationships that exist between brokers, developers and retailers. Some retailers do their own development; however, the larger number work with preferred developers. Some retailers have internal real estate departments. Those that do not work with brokers, both national and local. Developers and brokers have both the time and the expertise to make key connections with retailers, and often the developer can identify the kind of retail uses that are best suited for a local community. Take advantage of their expertise.

Remember, there are the less than reputable developers. So do your homework, check references, and talk to other government officials, as well as tenants in their existing projects to determine the qualifications of a developer. It is incumbent on local governments to do their homework and reference checks.

Retail/Commercial Deal Making * Critical Issues for Successful Deal-Closure * County Officials as Deal and Decision Makers

Both economic development professionals and elected officials need to consider what they can realistically bring to the table. Can you assist with cutting red tape? Can you push for carefully crafted and appropriately targeted financial incentives? It is **extremely** important that you do not offer what you cannot deliver.

However, as a county leader, you can possess enormous leverage as you can help address the two fundamental concerns of the development community—risk, and uncertainty. County leaders should do what they can to decrease risk, and increase certainty, and this is best accomplished by strong planning guidelines. Planning, although often thought of as a *disincentive* to retail and business development can actually be a very strong *incentive*. Developers and retailers want to know the playing field, and be assured that that field **does not shift** when a project is considered. Adopted plans should have permanence. County members of the Taskforce were surprised when ICSC members told them that developers and retailers are advocates of strong planning because there are actually lots of risk in having no development rules in rural America. Developers want to know the rules before they take a risk.

As important as knowing what you can bring to a deal and the role you can play in creating an atmosphere conducive to deal making is the issue of **confidentiality**. Whether confidentiality is maintained or breached is monumental. If a developer or broker is bringing prospects into town, they don’t want that even casually mentioned to someone else. It can make or break a deal. While NACo Taskforce members understood this, they also stressed to the development community that over reliance on confidentiality can also scuttle a deal by not giving them the information necessary to support it, and giving protesters a vacuum in which to organize. It is also important that potential developers keep in mind county officials’ obligations of transparency and responsibility to the public.

Time is money in the development process, and anything that can be done to reduce the amount of time it takes to get a development open for businesses reduces the expenses of the developer and the retailer. The ability to cut red tape and expedite the permitting process can be a huge incentive to developers and retailers. Make it known and making it clear who the key points of contact are within your local government can be a huge plus. Assign a particular office or government official as the point person for assisting developers through the permitting process.

Research and compile any finance or incentive packages that are available in your jurisdiction. Incentives are often not part of the equation, but it can be important to know what is available. Revenues and profit margins are less in small markets, but the cost of doing development is often not that radically different from larger markets. For example, while developers may be able to absorb the cost of infrastructure improvements in larger markets, they can often be cost prohibitive in smaller markets. So, there are times when incentives can make the development financially viable for a smaller market. If developed and applied carefully and in a targeted manner, they can be not a giveaway of money, but an investment in your community in which new retail development provides a return in increased sales and property taxes.

Another important asset that local governments have is the ability to provide assistance in land procurement. This is especially important in redevelopment when development is being directed toward a particular area or abandoned property. When absentee landowners come into the equation, a local government willingness to consider eminent domain to assist with land assembly can often be a very important asset to a developer.

It is important to know your community and its unique characteristics. As a county official, your first line of focus should be recognizing the assets you possess and maximizing them, and knowing your liabilities, and minimizing them. Your entire approach should be driven by shaping these factors, and setting **rational** goals and objectives for your community. Finally, as a county official, utilize your ability as a decision maker to create an atmosphere conducive to business development. By doing this you will position your county as an attractive destination point for, appropriate, responsive retailers and developers.

By working together through mutual education and partnership building, county officials, retailers and developers will help to create sustainable economic development in small and mid-sized counties across the nation, and assure that a vital segment of America remains strong and vibrant for generations to come.

Partnership Agreement
Between the
International Council of Shopping Centers
and the
National Association of Counties

International Council of Shopping Centers

Shopping centers are America's marketplace, representing economic growth, environmental responsibility and community strength. Founded in 1957, the International Council of Shopping Centers (ICSC) is the global trade association of the retail real estate industry, representing owners, developers, retailers, lenders and other professionals, as well as academics and public officials. Its nearly 39,000 U.S. members represent nearly all of the 45,000 shopping centers in the United States.

National Association of Counties

The National Association of Counties (NACo) was created in 1935 when county officials wanted to have a strong voice in the nation's capital. More than six decades later, NACo's membership totals more than 2,000 counties, representing over 80 percent of the nation's population. The association acts as a liaison with other levels of government, works to improve public understanding of counties, serves as a national advocate for counties and provides them with resources to help them find innovative methods to meet the challenges they face. Further, NACo understands the importance of strong public-private partnerships and is committed to assisting counties and businesses in exploring new, innovative ways of working together.

Background

In 1996 ICSC developed its Alliance Program in an effort to bring about a greater understanding of the positive economic impact of the retail real estate industry on communities across America. This program is essentially a series of targeted meetings designed to provide a forum to initiate dialogue and develop key working relationships between developers, retailers and local government officials.

While the focus of these public/private sector forums has been primarily urban and suburban, there is an increasing interest among ICSC members to broaden the dialogue to encompass issues relevant to non-urbanized and rural markets (secondary and tertiary markets). There are many development issues that are unique to the mid-size and rural markets including different density

models, larger trade areas and smaller store formats, reduced operating expenses and competition, as well as market specific merchandise selection and other economies of scale issues.

As the only national representative of county governments, NACo has a unique responsibility to provide assistance to rural and middle America, as approximately two-thirds of county governments are rural. To address their needs, NACo has implemented legislative and technical assistance programs designed to address the distinctive array of challenges many smaller and mid-sized communities face.

Lead by its Rural Action Caucus, NACo has worked to provide strong legislative advocacy and enhanced technical, educational and programmatic assistance to small and mid-sized county leaders. NACo recognizes that government alone cannot assure the economic vitality of these communities, believing that effective collaboration with the private sector is a key to long-term success.

Statement of Common Objectives

ICSC and NACo believe that providing sustainable economic development for small and mid-sized communities that preserves the individual characteristics that make each distinct is a key component to assuring the continued health of middle and rural America.

ICSC and NACo believe that both retailers and county officials can play a significant role in assuring the economic vitality of communities.

ICSC and NACo believe a targeted rural retail initiative can help promote both the market and the economic potential of the vast secondary and tertiary markets that comprise middle and rural America.

ICSC and NACo believe that through partnership, an enhanced level of service can be provided by both organizations to their membership by developing a forum for retailers and county leaders to exchange new ideas, seek solutions to common challenges, promote sustainable economic development, and create new partnerships between the public and private sector.

Therefore, in recognizing their common interest in increasing sustainable economic opportunity and preserving the unique characteristics of rural and middle America, the National Association of Counties and the International Council of Shopping Centers hereby enter into a National Partnership Agreement.

Through this Partnership, NACo and ICSC will work together to:

- 1) Conduct joint out-reach efforts to create an awareness of the retail development opportunities in mid-size and rural markets.
- 2) Increase local government involvement, specifically from county officials at ICSC meetings and deal makings to create business links between counties and retailers.
- 3) Provide educational and networking opportunities between the public and private sector through national and local ICSC and NACo meetings and conferences;
- 4) Develop joint or co-branded publication(s) promoting the market potential of mid-size and rural markets highlighting examples and best practices.

Proposed Initial Activities

During the first year of the National Association of Counties-International Council of Shopping Centers partnership, NACo and ICSC will work together to accomplish the following objectives:

1. To increase awareness of the retail development opportunities in mid-size and rural markets, outreach efforts would include a press event announcing the initiative, followed by publication of articles in NACo, ICSC and other relevant publications. Additional articles could highlight mid-market retailers, promote ICSC's alliance program, research findings or other market specific topics of interest. In order to initiate a viable dialogue, ICSC and NACo would convene a Rural Markets Task Force comprised of county officials and ICSC members (retailers, developers and brokers) whose primary business focus is the mid-size and rural markets. Additional outreach efforts could include web postings of resources and related articles/success stories.
2. Public/Private Partnerships are often the key to successful development projects. Developing working relationships and creating an atmosphere of trust are crucial to the success of these partnerships. ICSC would work with NACo and particularly NACo's Rural Action Caucus to increase local government involvement at ICSC meetings through partnerships with affiliated state associations. These associations can serve as partners for local ICSC alliance meetings and assist in the development of meetings designed to promote relationship building and economic development opportunities in the mid-size and rural markets. In addition, NACo, its Rural Action Caucus and affiliates would work with ICSC to promote the marketing and education opportunities as well as resources and networking opportunities available to local governments through ICSC membership and participation in ICSC meetings and events.
3. ICSC and its members would work with NACo and its designated members and state associations to develop educational sessions for local and regional meetings that would highlight the market potential of secondary and tertiary markets through case studies, demographics analysis and market research. In addition sessions would be designed to promote networking opportunities well as provide a forum for both the public and the private sector to present specific points of view relative to this distinct market.

4. To further support this initiative, ICSC and NACo would work with the members of the Rural Markets Task Force and other designated stakeholders (educational institutions, agricultural organizations, community development corporations, lending institutions, and others) to discuss economic development issues and concerns facing the mid-size and rural markets. ICSC would work with NACo to conduct research and market analysis to support the potential of the market and compile best practices and case studies to further enhance and support the findings of the Task Force. ICSC and NACo will jointly publish a white paper that promotes the retail real estate opportunities in the secondary and rural markets and provides viable statistics and case studies to support the findings.

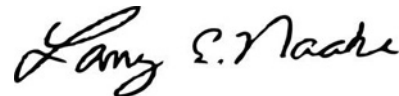
The duration of this initial proposal shall be for one (1) year beginning from the effective date of the Partnership. However, either party may terminate the agreement upon three months notice, so as to give any current programs sufficient time to conclude. The notice provision will not negatively affect any programs in progress at the time of the decision.

IN WITNESS WHEREOF, this Partnership Agreement is entered into on the
14th day of **November** 2003.

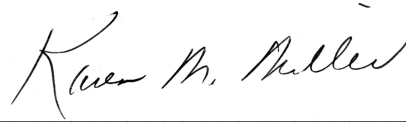
AGREED TO BY:



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of Shopping Centers**



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Karen M. Miller
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Kathleen M. Nelson
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**International Council
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ACKNOWLEDGEMENTS

The International Council of Shopping Centers and the National Association of Counties recognize the Members of the Joint Rural Markets Task Force for their time, commitment and candid discussion of this important issue.

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Vice President
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NACo 2nd Vice-President
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Desoto County, FL

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ICSC Alliance Program

The ICSC Alliance Program is a targeted effort dedicated to fostering relationships and strategic alliances between the public and private sector to assure growth is sustained in our communities.



In this effort, local and regional meetings and deal-making sessions serve as the forum to introduce the intricacies of retail real estate development to state and local governments and community-based organizations. In addition, these forums provide the public sector with the opportunity to discuss the complexities and issues that face communities today.



The Alliance Program was recently elected to the 2004 "Associations Advance America Honor Roll," a national recognition program sponsored by the American Society of Association Executives (ASAE) in Washington, DC. Now in its 14th year, the Associations Advance America awards program recognizes associations that propel America forward with innovative projects in education, skills training, standards setting, business and social innovation, knowledge creation, citizenship and community service.



**Business Development for Small and Mid-Sized Counties
First Phase Participants:**

THE INTERNATIONAL COUNCIL OF SHOPPING CENTERS

THE METROPOLITAN INSTITUTE
AT VIRGINIA TECH

THE CENTER FOR RURAL ENTREPRENEURSHIP

NATIONAL ASSOCIATION FOR COUNTY COMMUNITY
AND ECONOMIC DEVELOPMENT

NATIONAL RURAL ELECTRIC COOPERATIVE ASSOCIATION

THE NATIONAL ASSOCIATION OF OFFICE AND INDUSTRIAL PROPERTIES



Counties Care for America

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